

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:807
ANSWERED ON:17.08.2007
EXPERT COMMITTEE ON RURAL INDEBTEDNESS
Jagannath Dr. M.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has constituted an Expert Committee on rural indebtedness;
- (b) if so, whether the Expert Committee has submitted its report;
- (c) if so, the salient features of the recommendations made by the Committee; and
- (d) if not, the time by which the Committee is likely to submit its report?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : Yes, Sir. The Expert Committee on Rural Indebtedness, set up by Government under the Chairmanship of Dr. R. Radhakrishna, has submitted its report.

This Report focuses on institutions and instruments that would strengthen the credit delivery mechanism for the farm community in particular and for rural India in general. While doing so, it takes cognisance of the imperatives of addressing the credit absorption and demand-side issues. Policy interventions and institutional reforms essential for resolving the farm crisis, which go beyond the credit delivery system, also form part of this Report. In the long-term interest of the financial system, a positive repayment culture for bank loans deserves to be actively promoted. The Report recommends as under:

1. Immediate Credit Measures include:

Implementation of the Prime Minister's Relief Package : The needs of individual households should be taken into account with necessary flexibility. Rescheduling of loan of farmers affected by natural calamities. Credit for Rainfed Areas; Formalisation of informal credit; Inclusion of financially excluded; Project-Based Lending;

2. Financial Architecture include:

Agency and Mobile Banking; System of Bharat Kisan Credit Card; Reforming Lead Bank Scheme; Credit Counseling for Farmers; Simplifying the Procedure for Mortgages; Simplifying procedure to Reduce Transaction Costs; Computerisation of Records; Integration of Micro Finance Institutions with the Mainstream Banking; Improved Deployment of RIDF.

3. Institutional Architecture include:

Federations of Farmers - SHGs

4. Risk Mitigation Measures include:

Crop Insurance; Weather Insurance; Price Risk Mitigation; Variable Tariff; Crop Surveillance; Mitigating Risks from Spurious Inputs; Strengthening of Research and Extension Services.

5. Other Measures include:

Expanding Livelihood Base and Rural Health Facilities.